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Volume 11

MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
September 1966

Number 2

Released Pursuant to §1090.27(j) and §1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411

MARKET SUMMARY SEPTEMBER 1966

The Order MINIMUM producer uniform price is \$5.66 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 9.4 cents for each one-tenth of one percent above or below 3.5 percent butterfat. This is a producer uniform price increase of \$1.08 per cwt. over September 1965.

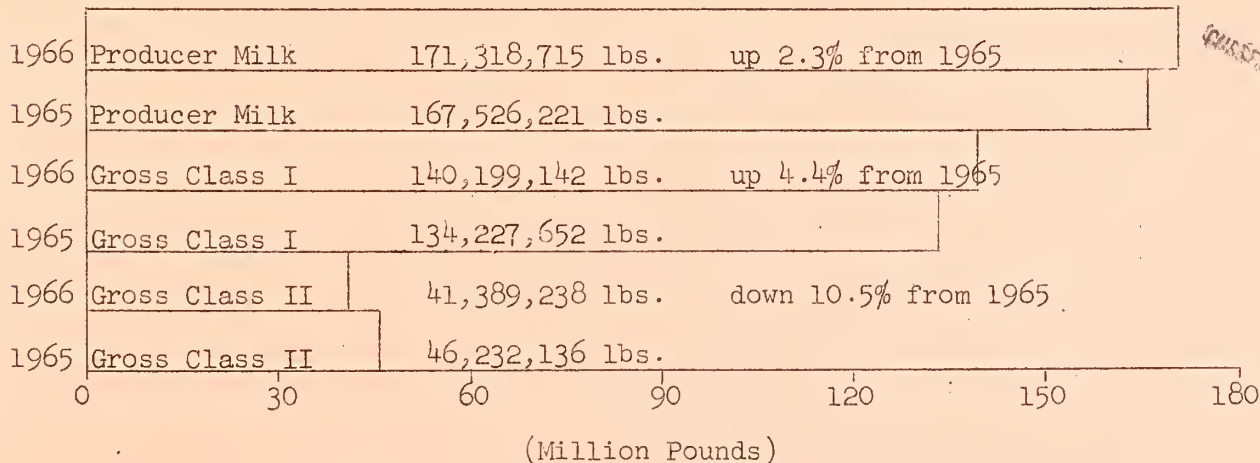
During September, 88.8% of the total producer milk was priced in Class I at \$5.87 per cwt. with a butterfat differential of 9.5 cents and 11.2% in Class II at \$4.25 per cwt. with a butterfat differential of 8.6 cents. The daily average use of Gross Class I milk increased 22.7% compared with August 1966 and increased 0.2% compared with September 1965.

Daily average delivery of milk from producers was 617,915 pounds in September 1966, an increase of 15,437 pounds per day compared with August 1966 and a decrease of 37,607 pounds compared with September 1965. Percentage-wise, September deliveries increased 2.6% compared with August 1966 and decreased 5.7% compared with September 1965. The daily average farm delivery was 1,046 pounds compared with 992 pounds per farm for September 1965. This shows an increase of 54 pounds (6 gallons) per farm per day.

PRODUCER MILK BASES

Producers supplying milk to handlers regulated by the Chattanooga Order began forming new bases September 1, 1966. The BASE-FORMING PERIOD IS SEPTEMBER 1966 THROUGH JANUARY 1967. According to the base rules of the Chattanooga Order, each producer delivering milk during the base-forming period will have a base computed as follows: Divide the total deliveries made by each producer during the base-forming period (Sept. 1966 through Jan. 1967) by the number of DAYS FOR WHICH DELIVERY IS MADE, OR BY 120, WHICHEVER IS GREATER. Bases will be used during the 1967 base-operating period of March through July 1967. Producers, especially partners, should take precaution to see that their name is correctly listed.

PRODUCER RECEIPTS COMPARED WITH GROSS CLASS UTILIZATION
January thru September



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COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% Sept. '66 Over Sept. '65	Sept. 1966	Aug. 1966	Sept. 1965
Number of Plants (Pool and Non-Pool)		9	9	11
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	- 5.8	617,915	602,478	655,522
Other Source	- 37.3	15,151	19,446	24,167
Other Federal Orders	+160.1	36,374	5,149	13,982
Total Milk Receipts	- 3.5	669,440	627,073	693,671
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	- 3.8	395,060	354,678	410,656
Fluid Skim	+ 67.8	38,052	33,226	22,678
Buttermilk	+ 0.3	41,611	40,051	41,501
Flavored Milk and Drink	+ 0.8	14,807	15,152	14,687
Fluid Cream (Sweet and Sour)	+ 6.5	2,837	2,903	2,665
Other (Shrinkage, Inventory, etc.)		5,608	1,886	1,857
Transfers to Non-Pool Plants		75,747	19,772	78,652
Total Class I Milk	+ 0.2	573,722	467,668	572,696
Class II Uses:				
Ice Cream Mixes		38,213	53,450	45,304
Cottage Cheese		30,731	33,564	19,668
Powdered and Condensed Milk		4,899	31,810	21,517
Livestock Feed and Skim Dumped		5,461	6,081	5,802
Shrinkage Class II		9,898	8,792	10,569
Other (Butter, Inventory, etc.)		(13,436)	4,246	8,590
Transfers to Non-Pool Plants		19,952	21,462	9,525
Total Class II Milk	- 20.9	95,718	159,405	120,975
Class I Pounds in Marketing Area	+ 5.4	318,453	282,521	302,218
Class I Pounds Outside Marketing Area	- 5.6	255,269	185,147	270,478
Gross Class I Butterfat Pounds	- 1.5	20,465	16,557	20,773
Gross Class II Butterfat Pounds	- 1.6	5,504	6,986	5,593
Total Butterfat Pounds	- 1.5	25,969	23,543	26,366
% Producer Milk of Gross Class I		107.7	128.8	114.5
% Producer Milk Priced in Class I		88.8	76.5	85.5

OCTOBER 1966 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

<u>Per \$ 1090.51(a)</u>	<u>Oct. '66</u>	<u>Sept. '66</u>	<u>Oct. '65</u>
Basic Formula	\$4.34	\$4.26	\$3.29
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	(0.08)	(0.14)	(0.16)
Class I Price, 3.5% Butterfat	\$6.01	\$5.87	\$4.88
Supply-Demand Comparison: 1st and 2nd preceding months: August and September			
Supply: Lbs. Producer Milk (Aug. 18,676,829 and Sept. 18,537,451)			37,214,280
Demand: Lbs. Net Class I Milk (Aug. 14,368,648 and Sept. 17,071,392)			31,440,040
Utilization Percentage: Producer Milk divided by Class I			118
Standard Utilization Percentage: Range 110-114			114
Net Deviation Percentage: Utilization minus Standard Utilization			plus 4
Supply-Demand Adjustment: 2 cents x 4 percentage points			minus \$0.08

Since the supply in relation to the demand is more than the desired standard, the price is decreased 8 cents per hundredweight (2 cents x 4 percentage points).

COMPUTATION OF PRODUCER UNIFORM PRICE

SEPTEMBER 1966	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		17,211,645	3.567		
Less Other Source		741,262	3.249		
Producer Milk Class I	88.8	16,470,383	3.581410	\$5.947340	\$ 979,549.68
Gross Class II		2,871,554	5.750		
Less Other Source		804,486	2.734		
Producer Milk Class II	11.2	2,067,068	6.923333	7.194066	148,706.24
TOTAL PRODUCER MILK (Cl. I + Cl. II)	100.0	18,537,451	3.954060		\$1,128,255.92
Add Value of Overage					110.79
Add Value of Inventory Reclassified					7.54
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		89,748			3,897.18
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					7,807.38
TOTAL VALUE AT TEST		18,627,199	3.944125	\$6.120506	\$1,140,078.81
Less Test over 3.5% @ 9.4¢ per point		18,627,199	.444125	0.417478	77,764.46
TOTAL UTILIZATION VALUE AT 3.5%		18,627,199	3.5	\$5.703028	\$1,062,314.35
Less Producer-Settlement Fund Reserve		18,627,199		.043028	8,014.91
PRODUCER UNIFORM PRICE F.O.B. POOL PLANTS		18,627,199	3.5	\$5.66	\$1,054,299.44

 SEPTEMBER 1966 ORDER MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
 BUTTERFAT DIFFERENTIAL 9.4¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$5.19	3.6	\$5.754	4.2	\$6.318	4.8	\$6.882	5.4	\$7.446
3.05	5.237	3.65	5.801	4.25	6.365	4.85	6.929	5.45	7.493
3.1	5.284	3.7	5.848	4.3	6.412	4.9	6.976	5.5	7.54
3.15	5.331	3.75	5.895	4.35	6.459	4.95	7.023	5.55	7.587
3.2	5.378	3.8	5.942	4.4	6.506	5.0	7.07	5.6	7.634
3.25	5.425	3.85	5.989	4.45	6.553	5.05	7.117	5.65	7.681
3.3	5.472	3.9	6.036	4.5	6.60	5.1	7.164	5.7	7.728
3.35	5.519	3.95	6.083	4.55	6.647	5.15	7.211	5.75	7.775
3.4	5.566	4.0	6.13	4.6	6.694	5.2	7.258	5.8	7.822
3.45	5.613	4.05	6.177	4.65	6.741	5.25	7.305	5.85	7.869
3.5	5.66	4.1	6.224	4.7	6.788	5.3	7.352	5.9	7.916
3.55	5.707	4.15	6.271	4.75	6.835	5.35	7.399	5.95	7.963

MILK SAMPLES TESTED - Producer Fresh Samples 5,247 - Handler Finished Products 227.

SEPTEMBER 1966 PRODUCER BUTTERFAT DIFFERENTIAL COMPUTATION

Per \$ 1090.73	B'Fat Use Percentage	Prod. Lbs. Butterfat	Class B'Fat Differential	Butterfat Value
Class I	80.5	589,872	\$0.95	\$560,378.40
Class II	19.5	143,110	0.86	123,074.60
Total	100.0	732,982		\$683,453.00

Total Butterfat value ÷ Total Producer fat pounds = \$0.932428

Producer Butterfat Differential per point variation above or
 below 3.5 percent - - - - - \$0.094

This producer butterfat differential is used to adjust the announced producer uniform price at 3.5% to the various tests as shown in the above table.

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Sept. '65	\$4.58	-	-	7.8¢	\$4.82	7.9¢	\$3.30	7.2¢
Oct.	4.63	-	-	7.8	4.88	8.1	3.33	7.2
Nov.	4.85	-	-	8.0	5.09	8.2	3.35	7.3
Dec.	4.73	-	-	8.0	5.14	8.2	3.36	7.3
Jan. '66	4.82	-	-	7.8	5.22	8.2	3.22	6.8
Feb.	4.87	-	-	7.6	5.18	7.7	3.01	7.1
Mar.	4.89 ^{2/}	\$5.00	\$3.04	7.8	5.33	8.0	3.08	7.3
Apr.	4.85 ^{2/}	5.06	3.00	7.8	5.45	8.2	3.04	7.2
May	4.79 ^{2/}	4.97	3.02	8.0	5.45	8.2	3.06	7.3
June	4.87 ^{2/}	5.01	3.08	8.0	5.45	8.3	3.12	7.6
July	5.28 ^{2/}	5.44	3.24	8.4	5.76 ^{4/}	8.6	3.28	8.2
Aug.	5.27	-	-	9.0	5.84	9.3	3.49	8.4
Sept.	5.66	-	-	9.4	5.87	9.5	4.25	8.6
Oct.	-	-	-	-	6.01	9.7	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%			PRICE QUOTATIONS			Basic Formula \$-cwt-3.5%
	4 Tenn.	Butter	4 Tenn.	Chi.92 ^o	Chi.Area	Minn/Wisc.	
	Milk Mfg.	Powder	Milk Mfg.	Butter	Powder	Mfg. Milk	
			\$-cwt-4%	¢ Lb.	¢ Lb.	\$-cwt-3.5%	
Sept. '65	2.72	3.30	3.081	62.22	14.21	3.29	3.29
Oct.	2.75	3.33	3.106	62.89	14.31	3.34	3.34
Nov.	2.83	3.35	3.194	63.27	14.42	3.39	3.39
Dec.	2.90	3.36	3.269	63.45	14.31	3.47	3.47
Jan. '66	3.01	3.22	3.350	59.33	14.54	3.47	3.47
Feb.	3.01	3.32	3.363	61.80	14.59	3.58	3.58
Mar.	3.08	3.39	3.450	63.40	14.81	3.68	3.68
Apr.	3.04	3.48	3.400	62.80	16.02	3.64	3.64
May	3.06	3.55	3.425	63.54	16.70	3.65	3.65
June	3.12	3.65	3.500	65.99	16.81	3.82	4.00 5/
July	3.28	4.02	3.688	71.19	18.83	4.05	4.05
Aug.	3.49	4.17	3.913	73.05	19.63	4.26	4.26
Sept.	3.55	4.25	3.981	74.88	19.73	4.34	4.34

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA ^{3/}				Deliveries Per			Prod. Milk Test
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
Sept. '65	11	693,671	572,696	560,352	655,522	-	661	992	-	-	3.93
Oct.	11	675,580	560,737	553,074	647,590	-	660	981	-	-	4.14
Nov.	11	661,614	566,311	561,329	637,439	-	667	956	-	-	4.20
Dec.	11	660,074	506,784	501,638	635,260	-	666	954	-	-	4.23
Jan. '66	11	662,874	531,241	526,225	634,748	-	664	956	-	-	4.20
Feb.	11	648,797	546,032	534,700	616,699	-	663	930	-	-	4.22
Mar.	11	671,086	526,847	517,608	637,348	600,154	660	966	909	57	4.06
Apr.	11	726,873	528,830	522,390	686,157	617,814	653	1,051	946	105	3.93
May	11	709,820	498,267	492,037	669,259	606,628	646	1,036	939	97	3.95
June	11	664,459	492,255	477,148	624,721	579,064	642	973	902	71	3.90
July	9	606,531	461,978	450,482	558,984	520,301	601	930	866	64	3.89
Aug.	9	627,073	467,668	460,875	602,478	-	602	1,001	-	-	3.87
Sept.	9	669,440	573,722	549,013	617,915	-	591	1,046	-	-	3.95

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is receipts minus Class I^{4/} Weighted Average - July 1-4 Price \$5.61 and July 5-31 Price \$5.79^{5/} July 1-4, Basic Formula was Minn/Wisc. Price \$3.82